

\*\*\*\*\*

**COMMISSION MEETING  
THURSDAY, APRIL 13, 2000  
DRAFT MINUTES**

**Vice Chair Forrest** announced the meeting would be delayed ten minutes, which is when **Chair Ludwig** was expected to arrive. **Commissioner Forrest** then called the meeting to order at 1:40 p.m., at the Double Tree Hotel in Pasco. The following attendees were present:

**MEMBERS PRESENT:**     **CURTIS LUDWIG, Chairperson;** (arrived at 1:45 p.m.)  
                                 **COMMISSIONER MARSHALL FORREST;**  
                                 **LIZ MCLAUGHLIN; and**  
                                 **COMMISSIONER GEORGE ORR**  
                                 **Ex Officio Members SENATOR MARGARITA PRENTICE,**  
                                 **REPRESENTATIVE JIM CLEMENTS; and**  
                                 **REPRESENTATIVE ALEX WOOD**

**OTHERS PRESENT:**     **BEN BISHOP, Executive Director;**  
                                 **SHERRI WINSLOW, Deputy Director, Operations;**  
                                 **ED FLEISHER, Deputy Director, Policy & Government Affairs;**  
                                 **AMY PATJENS, Manager, Communications & Legal Department;**  
                                 **CALLY CASS-HEALY, Assistant Director, Field Operations;**  
                                 **DALLES BURNETT, Manager, Electronic Gaming Lab;**  
                                 **DERRY FRIES, Assistant Director, Licensing Operations;**  
                                 **ROBERT BERG, Assistant Director, Special Operations;**  
                                 **JERRY ACKERMAN, Assistant Attorney General; and**  
                                 **SHIRLEY CORBETT, Executive Assistant**

**Vice Chairman Forrest** requested that Agenda Item No. 6 be moved as the first item of business on the agenda. There were no objections.

**1. Tribal Lottery System Certification**

**Dallas Burnett**, Manager, Electronic Gambling Lab, demonstrated the Oneida II System manufactured by Standing Stone Gaming. He reported that through the sponsorship of the Swinomish Tribe, Standing Stone Gaming is seeking certification or approval by the Washington State Gambling Commission of an electronic lottery scratch ticket system conforming to the specification set forth in Appendix X of the Swinomish Tribal State Class 3 Gaming Compact. The Oneida II System has passed GLI's inspections and Washington's electronic gambling lab

inspection, and found to be in compliance. The fundamental Standing Stone scratch ticket game system features a powerful system able to support a large number of player terminals. The manufacturing computer makes up the tickets and dispenses it to the central computer. Upon request, as soon as the player at the player terminal selects a particular game, the central computer dispenses the appropriate ticket to the player terminal. This particular system also has a number of security features built into it. Mr. Burnett then highlighted various operational components of the system.

**Commissioner McLaughlin** asked if the Oneidas had slot machines. **Mr. Burnett** responded by noting they do not have slot machines, they have a lottery system. **Commissioner Forrest** asked how Mr. Burnett would go about investigating if the machines were in compliance after they had been in operation for a month. Mr. Burnett reported that he has already gone through two reviews. The electronic lab starts at the player terminals and reviews all the meter readings. They continue through the Appendix, making sure that everything is in compliance. There are also additional checks and balances to assure the integrity of the system cannot be violated. Before the system is put in place, a pre-operational check is conducted. Mr. Burnett provided a detailed summary of the investigative process and the verification of the pay out review process.

**Chair Ludwig** noted this machine has some other features that are designed primarily for a resort casino. **Mr. Burnett** affirmed it has security features for the player, and there are features that could be used in the future for more player tracking.

**Dick Martin**, Standing Stone Gaming, read the following statement from Mr. Ray Hallbritter into the record: "Commissioners, Senators, Ben Bishop and his staff. This is a proud day for us. I would like to thank you for your help and consideration in the granting of our license and equipment certification. This act makes us the first official Native American gaming manufacturer in the United States history. You are now a part of our history, as well as we are a part of yours. Thank you."

**Commissioner McLaughlin** made a motion seconded by Commissioner **Orr** that the Commission approve the certification of Standing Stone Games Oneida II Tribal Lottery Scratch Ticket Systems. *Vote taken; motion carried unanimously.*

## 2. NEW LICENSES, CHANGES, AND TRIBAL CERTIFICATIONS:

**Commissioner Forrest** made a motion seconded by Commissioner **McLaughlin** to approve the new licenses, changes, and tribal certifications as listed in pages 1-35 as submitted in the agenda packet. *Vote taken; the motion carried with four aye votes.*

## 3. REVIEW OF FRIDAY'S AGENDA:

**Amy Patjens**, Manager, Communications & Legal Department, addressed Friday's meeting vote on three tribal state compacts. She reminded everyone that both Commissioner's and Ex-Officio Legislative Members vote on new compacts and compact amendments. She reported there would be a final legislative report from Ed Fleisher. Two sets of rules are up for final action. One set deals with the types of actions licensees need to report to the Commission – criminal actions, civil actions,

and administrative actions. The card room rules (68 in total) are also up for final action. This is the biggest rules package in the history of the Gambling Commission.

A couple of rules are up for discussion, one deals with card room tournament licenses.

There are two sets of rules that are up for discussion and possible filing. These will be new rules for the Commission. There are nine rules that deal with the sale and purchase of gambling equipment. Item H is the most significant of the rules, and the others contain housekeeping changes. The last rules package deals with sales on licensed premises only. There is a charitable organization that is leasing some of its space to a commercial card room. This rule would allow the charity to sell pull tabs to customers who would be in the card room.

The last item on the agenda is an appeal from an individual named Tarl Medina.

#### **4. MANUFACTURER / DISTRIBUTOR LICENSE APPROVAL:**

##### **WMS Gaming, Inc., Chicago:**

**Robert Berg**, Assistant Director, noted that he would be presenting the four manufacturing reviews and requests for licensure by the Commission.

He reported that WMS Gaming has applied for a Class E Manufacturer's License. The company entered into a licensing agreement with Multi Media Games, parent company of Mega Bingo, currently licensed as a manufacturer of the tribal lottery system in the state of Washington. The licensing agreement allows Mega Bingo to use WMS Gaming's trademarks, logos, and audiovisual works – sounds, music, characters and game play in the tribal lottery system. Multi Media markets to Class 3 tribal gaming operations in the state of Washington. The nature of the proprietary assets and the consideration given to WMS require they be licensed by the Commission.

WMS Gaming will not be manufacturing or marketing tribal lottery systems themselves within the state of Washington. WMS was incorporated in November of 1974, under the name of Williams Electronics, Inc., for the purpose of designing and manufacturing pinball games. WMS Industries is focused on the manufacturing of slot machines and video lottery terminals. The licensing of their logos, trademarks and audiovisual library to Multi Media Games is one of the first agreements of this nature for WMS. Mr. Frank Miller is the registered agent for WMS in the state of Washington and WMS Gaming is headquartered in Chicago, Illinois.

In terms of ownership WMS Gaming, Inc. has 1,000 shares outstanding, all of which are owned by its parent company, WMS Games, Inc. which is a holding company wholly owned by WMS Industries. WMS Industries is a publicly-traded company on the New York Stock Exchange and as of December 31, 1999, the WMS Industries had over 30.7 million shares of common stock outstanding. The company has warehouses and sales offices located throughout the United States and the world. Sumner Redstone and National Amusement, Inc., a company Mr. Redstone controls, collectively own approximately 24 percent of the outstanding common shares of WMS Industries. This agreement was entered into for the benefit of WMS in their licensing in the state of Nevada and is intended to ensure the passive investment position of Redstone and National Amusements with regard to WMS Gaming.

Two registered investment companies also own over five percent of the outstanding shares. Fidelity Management and Research Company – a Boston based subsidiary of FMR Corporation, owns 9.7 percent of the stock and Merrill Lynch Asset Management Group, a division of Merrill Lynch and Company owns 6.6 percent. Neither of those investment companies have the power to vote or direct the voting of shares owned by the various investors in the funds they manage.

WMS and/or its parent companies are currently licensed in 25 states and 71 tribal gaming agencies in the United States. They are licensed in 10 jurisdictions in Canada and several foreign countries. Other state and Canadian provincial jurisdictions were contacted to verify that the applicant's licenses were in good standing and that WMS was not under investigation in any jurisdiction in which they are licensed. Agents also contacted selected foreign and tribal jurisdictions and no adverse information was noted.

Criminal and personal history background checks were completed on all substantial interest holders and no disqualifying information was noted. Special agents analyzed corporate financial statements and federal tax returns for possible hidden ownership, unreported officers or directors, and undisclosed ownerships and other companies. In addition, personal tax returns of all officers were reviewed for undisclosed interests, verification of employment and other sources of income. Nothing out of the ordinary was noted during the review of this information. Company check registers, board meeting minutes, lease agreements and loan contracts were also reviewed. Stock certificates were examined to verify ownership. There was no indication of any hidden ownership or significant influence by outside parties. Special agents of the Commission verified that WMS owned all of its patents, trademarks, and copyrights for which they are licensed to market in the state of Washington.

A review of the company's financial statements did not result in any concerns with WMS Industries financial condition should the company have to incur some costs with regard to their agreement with Multi Media Games. Based on the review of the application and financial documents, no items were noted that would preclude WMS Gaming from qualifying for a gambling manufacturing license in the state of Washington. Based on the investigation, staff is recommending the licensure of WMS Gaming, Inc. as a Class E manufacturer. Mr. Miller, registered agent for the firm was in the audience.

**Chair Ludwig** called for questions and there were none. Chair Ludwig asked if the real reason for WMS Gaming to secure a manufacturer's license in the state of Washington was so they can let Multi Media use their logos and their other features. **Terry Dunway**, Vice President, WMS Industries, affirmed they are licensing their "bells, whistles, their work and sounds" to Multi Media so that they can market the product to the facilities here in the state of Washington. He said the company is looking forward to a long business relationship with Multi Media and the state of Washington. He noted that WMS received very courteous treatment from agency staff. He advised the professionalism exhibited specifically by Agent's Griffey and Sanders was of the highest caliber.

**Commissioner Forrest** made a motion seconded by **Commissioner McLaughlin** to approve WMS Gaming as a Class E Manufacturer in the state of Washington. *Vote taken; passed unanimously.*

**Casinovations, Inc.:**

**Robert Berg**, Assistant Director, reported this organization applied for a license as a Class B manufacturer of gambling devices. The company manufactures shuffler devices for sale or lease to card rooms and Class 3 gaming facilities in Washington. On September 15, 1999, the Commission issued Casinovations, Inc. a special sales permit that is valid until September 14, 2000. This organization is headquartered in Las Vegas and their registered agent is Vicent DePillis of Seattle. The company was incorporated in Washington State on September 1995. A second corporation, Casinovations of Nevada, Inc., was incorporated in March of the following year, and in April 1999, the two corporations merged with the Nevada corporation as the surviving corporation.

As of September 30, 1999, approximately 27 percent of the 40 million shares of common stock were outstanding, none of the 10 million shares of preferred stock had been issued. Although the stock is publicly traded, it is not currently listed on the stock exchange. All sales of the stock to date have been through private placements with the exception of the April 1998 to January 1999 public offering of Casinovations, Inc., common stock.

This company is currently licensed in Mississippi as a manufacturer and distributor. It is an approved vendor in Michigan and has been approved for distribution of gambling-associated equipment in Nevada. All the jurisdictions were contacted by special agents of the Gambling Commission and no disqualifying information was noted.

Criminal and personal history background checks were completed on the officers, substantial interest holders and members of the board of directors for Casinovations. No disqualifying information was noted. Special agents reviewed corporate and financial records. The procedures performed included an analysis of the corporate financial statements, federal income tax returns for possible hidden ownership, unreported officers or directors, and undisclosed ownership in other companies.

Personal tax returns of substantial interest holders were also analyzed for other sources of income. Financial records including corporate check registers and supporting documentation were reviewed for indications of undisclosed substantial interest holders and violations of the Washington Administrative Codes. Board meeting minutes, lease agreements, and other loan contracts were also reviewed for undisclosed loans or undisclosed significant ownership interests.

During the review process some violations of the Washington Administrative Code rules were noted regarding credit sales, gifts and sales invoice requirements. Those violations have been corrected and no other exceptions were noted during the review of the information. The corporate management of Casinovations, Inc. was advised that all Shuffle Masters leased in the state of Washington must be fully owned without lien and because of the level of financing from Madison Leasing, background checks were also conducted on the two owners of that firm. No disqualifying information was found.

Based on staff's review of the application and financial documents, no exceptions were found that would preclude Casinovations, Inc., from qualifying as a manufacturer in the state of Washington. Staff is recommending that Casinovations, Inc., be licensed as a Class B manufacturer.

**Steven Blad**, CEO/President of Casinovations, introduced Corporate Counsel, and thanked the Commission for the opportunity to conduct business in the state of Washington.

**Commissioner McLaughlin** made a motion seconded by **Commissioner Forrest** to approve Casinovations, Inc., as a Class B manufacturer. *Vote taken; passed unanimously.*

**Melange Computer Services, Inc.:**

**Robert Berg**, Assistant Director, noted this company has applied for a Class B manufacturer's license, to market Bingo software to non-profit Bingo operations in the Washington State. This company is a Michigan corporation and was incorporated in July of 1988, and began operations in April 1, 1989.

The company has a copyright for Epic Systems which interfaces with electronic Bingo daubers to download electronic Bingo cards onto the daubers. The Epic system also manages and executes many of the record keeping requirements for both the Bingo and pull-tab operations. In addition to Bingo software products, Melange has developed software and provides computer services for both insurance companies and hospitals in the state of Michigan.

Laurence Dong of Bellevue is the registered agent for Melange in the state of Washington. Articles of Incorporation specify that the corporation has authority to issue 50,000 shares of common stock with \$1 par value. The corporation has issued 12,000 shares of that stock which is not publicly traded. As of November of last year, six corporate officers each owned 2,000 shares each of the outstanding shares.

Melange currently holds gambling licenses in the states of Arizona, Louisiana, Oregon, Nevada, Texas, and Wisconsin. The applicant is also licensed with numerous Native American gaming commissions throughout the United States. In contacting those jurisdictions, agents verified that Melange computer services licenses are in good standing and they are not under investigation in any jurisdiction for which they are licensed.

Criminal and personal history background information checks were completed on all substantial interest holders and no disqualifying information was noted. Special agents began their financial background investigation and review last November. Procedures performed included the analysis of corporate financial statements, tax returns, looking for possible hidden ownerships, officers and directors, and undisclosed ownerships in other companies. Personal tax returns were analyzed and reviewed for undisclosed interests, verification of employment and other sources of income. Nothing out of the ordinary that would preclude licensure was noted.

Company check registers, board meeting minutes, lease agreements, stock certificates and loan contracts were reviewed in an attempt to verify ownership. There was no indication of hidden ownership or significant influence by outside parties. Agents verified that Melange owned copyrights to the Epic System for which they are being licensed in Washington State. A review of the Epic System was conducted for compliance with statutory WAC requirements and Commission

requirements. It was determined that the Epic System is authorized gambling equipment for use in the state subject to licensure of the company, and complies with all operational requirements.

Based on staff's review of the application, the financial documents, and other aspects of the investigation, no exceptions were noted that would preclude Melange from qualifying for licensure within the state of Washington. Staff recommends the Commission license Melange Computer Services as a Class B manufacturer.

**Commissioner Orr** addressed the letter to the Corporation regarding WACS they need to come into compliance with. **Ms. Cass-Healy** affirmed there were some discussions about their format not being exactly like the Commission's format and concerns that it would take a significant amount of time to get all the information staff needed. It was Ms. Cass-Healy's understanding they are looking at developing a format that is similar to the agency's. She affirmed the equipment and the information is all there and is fine.

**Commissioner Forrest** made a motion seconded by **Commissioner Orr** to approve Melange Computer Corporation, Inc. as a Class B manufacturer. Vote take: *Motion passed unanimously.*

#### **Higgins Enterprises:**

**Robert Berg**, Assistant Director reported that Kenneth Higgins d/b/a as Higgins Enterprises has applied for a Class B manufacturer license and a Class A distributor license in the state of Washington. He plans to manufacture and distribute Blackjack tables and chips for local gaming facilities. Mr. Higgins personally owns the necessary equipment to conduct the manufacturing activities and he will manufacture in a 4,000 square foot warehouse facility located at his personal residence in Tacoma.

Higgins Enterprises was started in September, 1992, for the sole purpose of manufacturing and distributing Blackjack tables and chips to local gaming establishments. Kenneth Higgins owns and operates Higgins Enterprises as a sole proprietorship. The company held a distributor's license in the state of Washington but allowed the license to lapse in September of 1998. An analysis of Mr. Higgins' personal financial statements, source of funds, and federal income tax returns has been completed. A review of Higgins Enterprises' application, property ownership information and criminal history information was also completed. The background investigation of Mr. Higgins and his spouse did not reveal any information which would preclude them from licensure in the state of Washington.

Nothing out of the ordinary was noted during the review of this information. Higgins Enterprises was formed in 1992, at a cost of approximately \$2,000 and those funds originated from Mr. and Mrs. Higgins personal savings account. The source of funds has been verified. Based on staff's review of the application and financial documents, no items were noted that would preclude Higgins Enterprises from obtaining licensure in the state of Washington. Staff recommends the Commission grant licensure of Higgins Enterprises as a Class B manufacturer and a Class A distributor in the state of Washington. **Mr. Higgins** stated that he appreciated the Commission's consideration of his licenses.

**Commissioner Orr** made a motion seconded by **Commissioner Forrest** to approve **Kenneth Higgins d/b/a Higgins Enterprises as a Class B manufacturer and as a Class A distributor in the state of Washington.** *Vote taken; Motion passed unanimously.*

### **Class III Service Supplier**

#### **MI Acquisition Corp.:**

**Robert Berg**, Assistant Director, reported this company has applied for licensure in the state of Washington as a service supplier. It is a Minnesota corporation that was formed in March of 1997. The company is a financial services company and intends to secure or provide financing for Class 3 facilities operating in the state of Washington. The registered agent in the state of Washington for MI Acquisitions Corp., is Kent Caputo of Seattle.

As of February 22, 2000, there were 938,950 shares of MI Acquisitions Corp. common stock outstanding. The majority shareowners are James Delugosh at 17.7 percent, William Thexton at 16.6 percent, and Realco Inc., a publicly-traded company owning approximately 11.3 percent of the outstanding stock. There were no other owners of 10 percent or more of the outstanding stock of MI Acquisition Corp. The company is currently licensed in Minnesota, Arizona, Kansas and Wisconsin. Those jurisdictions were all contacted by the agency and no disqualifying information was noted. Criminal and personal history background checks were completed on officers, substantial interest holders and their spouses. Nothing of a disqualifying nature was found.

Commission agents began their onsite investigation and review of corporate and financial records in February. The procedures performed included analysis of corporate financial statements, tax returns for hidden ownership, unreported officers, directors, and undisclosed ownership of other companies. A review of personal tax returns for officers, directors, for undisclosed interests, verification of employment and other sources of income was conducted. Additionally, analysis of financial records, including corporate check registers and supporting documentation for indications of undisclosed substantial interest holders, review of board meeting minutes, leases agreements and loan contracts or undisclosed loans or undisclosed significant ownership interests and examination of stock issuance ledger was completed. An audit of financial statements, and articles of incorporation to verify total stock issued and outstanding and identify beneficial owners of at least five percent of the applicant's corporate stock was completed. There were no exceptions noted during the review of this information.

Based on the review, there were no exceptions noted and nothing would preclude MI Acquisitions Corp., from qualifying as a service supplier in Washington State. Staff is recommending that MI Acquisitions Corp. d/b/a Miller and Schroeder be licensed in the state of Washington as a service supplier.

**Commissioner Forrest** made a motion seconded by **Commissioner McLaughlin** to approve **MI Acquisition Corp d/b/a Miller & Schroeder as a licensed service supplier in the state of Washington.** *Vote taken; Motion passed unanimously.*



## 5. Group IV Qualification Review

### **Rotary Club of Columbia Center, Kennewick:**

**Robert Berg**, Assistant Director reported that Commission staff conducted a qualification review of the Rotary Club of Columbia Center for its fiscal year ending June 30, 1999. He referred the commissioners to a detailed report of the agent's qualification review.

It was noted during the review that the Rotary Club of Columbia Center has been licensed since 1989. It was formed as a charitable organization and the organization provides financial assistance to community service programs including the Tri City Hospice House, Tech Skills Center, Cancer Center and Hospital Parks and Fire Departments.

The organization has met its combined net return for Class I Bingo license (a 10 percent return is required), and the entity achieved a 14.1 percent net return. Mr. Berg noted the organization met the net return even while experiencing a decrease in gambling net income, as well as a general decrease in all revenues, largely due to an increase in the number of card rooms in the area. The organization continues to lower its expenses in response to the reduction of these revenues.

There are no pending administrative charges against the organization as of this day. Rotary Club of Columbia Center has made significant progress towards its stated purpose. Based on the review, staff recommends approval of Rotary Club of Columbia Center as a charitable organization authorized to conduct gambling activities in the state of Washington.

**Commissioner Forrest** asked how the agency met their returns. **James Sevellie**, Primary Gambling Manager, replied that the organization has watched trends and cut expenses where possible. He also noted their primary means of distributing money is by cash donations and they don't have a fixed operating budget, which gives them more freedom.

**Commissioner Orr** pointed out that the organization contributed a very important and expensive (\$9,000 or \$10,000) piece of equipment to the local fire department. **Chair Ludwig** affirmed that he was familiar with all the charities they contribute to, and commented that they are all very solid, viable public health service and education agencies. He emphasized the Commission is proud of this organization's success and may hold them up as a model.

**Commissioner Orr** made a motion seconded by **Commissioner Forrest** to approve the Rotary Club of Columbia Center as a charitable organization authorized to conduct gambling activities within the state of Washington. *Vote taken: Motion passed unanimously.*

### **Spokane Valley Foundation, Spokane**

**Robert Berg**, Assistant Director, reported that Commission staff conducted a qualification review of this organization for its fiscal year ending June 30, 1999. It was noted during the review that Spokane Valley Foundation has been licensed since 1979. It is charitable a organization and provides services for senior. The entity achieved a net return of 7.7 percent below its requirement under the license that they possess, but they are a participant in the net return moratorium. As such,

they did meet their net return requirement under the terms of that moratorium for their Class J Bingo license. Their net return was 7.7 percent and under the moratorium, 7 percent is required. There are no pending administrative charges against the organization as of this date and they have made significant progress towards their stated purpose. Based on the review, staff is recommending approval of Spokane Valley Foundation as a charitable organization authorized to conduct gambling activities in the state of Washington

**Commissioner McLaughlin** asked how the organization could continue to operate if they lost \$120,000 in a year. **Jean Turner**, Secretary-Treasurer, introduced Jeff Barlow, the current gambling manager. **Ms. Turner** said they had, and still have adequate reserves, which they used to defray expenses. They also cut their services, payroll, vendors, advertising, and everything else they could cut.

**Commissioner Orr** noted that part of the impact to the Spokane Valley Foundation has been the growth of the gambling industry in the Spokane Valley. **Ms. Turner** affirmed. **Chair Ludwig** noted the modest salaries – with managers making less than \$40,000. He hoped they keep up the good work. **Jeff Barlow**, Gambling Manager, provided a brief history of his work within the industry. He noted the foundation's primary goal is to keep the seniors in Spokane Valley independent.

**Senator Prentice** stated that she was very impressed with the last two presentations and the services these groups provide that are focused on mentally and physically challenged people. She was also impressed that there is almost no overhead, and noted they are providing their services on sheer will.

**Commissioner Orr** made a motion seconded by **Commissioner McLaughlin** to approve the Spokane Valley Foundation as a charitable organization authorized to conduct gambling activities in the state of Washington. *Vote taken: Motion passed unanimously.*

**Chair Ludwig** introduced Manuel Sanchez, Northwest Region Representative for the National Indian Gaming Association, and thanked him for being present.

**Chair Ludwig** called for a recess at 3:00 p.m. and reconvened the meeting at 3:10 p.m.

7. **Problem Gambling Awareness for Employees Working in the Gambling Industry Video.** **Gary Hanson**, Executive Director, Washington State Council on Problem, reported that last year, an industry work group was formed including representatives from all sectors of the gambling industry in the state of Washington. This group thought of the idea to create and develop a video addressing the recommended policies for gambling establishments around the state. The video was entirely funded by the gambling industry in the state of Washington. A major contribution came in the form of a \$20,000 donation from the Muckleshoot Tribe. **Mr. Hanson** also noted that Director Bishop and Cindy Reed were involved with this project and thanked them for their efforts and support. Mr. Hanson presented the 16-minute video.

**Representative Alex Wood** congratulated Mr. Hanson on the video and asked for an update on the development of the Deaconess Hospital's efforts in Spokane. **Mr. Hanson** reported that two

psychologists from Deaconess (chemical dependency) happened to be at a national council conference on problem gambling and they asked how they could get more involved. They talked their business manager into including problem gambling as part of the chemical dependency treatment program at Deaconess. Over a period of months they negotiated a way to have treatment available through Deaconess under their existing chemical dependency program. Mr. Hanson affirmed it is problem gambling treatment, with trained treatment providers. It's an in depth program of treatment and is being funded by Spokane area casinos in cooperation with Deaconess Hospital.

**Chair Ludwig** thanked Mr. Hanson for keeping the Commissioners informed on this topic.

**8. OTHER BUSINESS/GENERAL DISCUSSION/COMMENTS FROM THE PUBLIC:**  
**Chair Ludwig** called for comments or other business not on the agenda.

**Ben Bishop** commented on internal agency issues. He noted that the gaming industry has experienced a lot of growth over the last year to year and a half. The Commission has also realized a lot of staff turnover during this same time period. The agency's management team recognized that they have been concentrating on house-banked card games and reacting to operational situations, and that they now need to concentrate and focus on staff needs. A comprehensive employee survey was conducted by the Department of Personnel (DOP) in February. The survey asked staff how they felt about the agency and their work environment, and asked for suggestions. The survey was conducted with assurances that the comments would be confidential -- no one would know who said what. The results are due April 18<sup>th</sup> and will be shared with the entire agency.

A consultant has been retained to review the results with the management team and to guide them through the process of making the agency a better place to work and grow in. The consultant, Dr. Eric Allenbaugh, will be facilitating a two-day meeting (May 16<sup>th</sup> and 17<sup>th</sup>) with agency program managers, division managers, assistant directors, deputy directors, and Director Bishop to identify steps could be taken immediately and to plan an agency conference this fall.

If Commissioners have an interest in talking to Dr. Allenbaugh about the direction of the agency, or other areas of interest, they were asked to contact the Director so that a meeting or telephone conference could be scheduled with Dr. Allenbaugh. **Chair Ludwig** commented that considering what he thought the agency's reputation to be locally and throughout the nation, he would be surprised if there would be many areas for improvement. **Director Bishop** agreed the agency was the best in the world at regulating, but might not always be the best in the world in recognizing their staff. Director Bishop affirmed "we are good regulators, now we want to be good leaders."

**Senator Prentice** announced a continuation of last year's gambling roundtable meetings. There is still a feeling or an obligation to take a good look at the whole zoning issue -- she emphasized that legislators want to make decisions based on data and facts. A roundtable meeting will also be conducted to focus on problem gaming. It will be held in the Tri-Cities area or in Spokane.

9. **EXECUTIVE SESSION TO DISCUSS PENDING INVESTIGATIONS AND LITIGATION:**  
**Chair Ludwig** called for an Executive Session at 3:40 p.m. Chair Ludwig noted no further business would be conducted following the Executive Session, with the exception of adjourning the meeting.
10. **ADJOURNMENT:**  
**Chair Ludwig** recalled the open public meeting at 5:20 p.m. and declared the public meeting adjourned.

Minutes submitted to the Commission for approval.

Shirley A. Corbett  
Executive Assistant

\*\*\*\*\*

**COMMISSION MEETING  
FRIDAY, MARCH 10, 2000  
MINUTES**

Chair Ludwig called the meeting to order at 9:30 a.m. at the Inn at the Double Tree Hotel in Pasco, and introduced the following attendees:

**MEMBERS PRESENT:**     **CURTIS LUDWIG, Chairperson;  
MARSHALL FORREST, Vice Chairperson  
COMMISSIONER LIZ MCLAUGHLIN; and  
COMMISSIONER GEORGE ORR;  
Ex Officio Members, REPRESENTATIVE ALEX WOOD; and  
SENATOR MARGARITA PRENTICE**

**OTHERS PRESENT:**     **BEN BISHOP, Executive Director;  
SHERRI WINSLOW, Deputy Director, Operations;  
ED FLEISHER, Deputy Director, Policy & Government Affairs;  
AMY PATJENS, Manager, Communications & Legal Depart.;  
CALLY CASS-HEALY, Assistant Director, Field Operations;  
DERRY FRIES, Assistant Director, Licensing Operations;  
ROBERT BERG, Assistant Director, Special Operations;  
JERRY ACKERMAN, Assistant Attorney General; and  
SHIRLEY CORBETT, Executive Assistant**

1.     **MINUTES – March 9<sup>th</sup> & 10<sup>th</sup>, 2000, Blaine:**  
      **Chair Ludwig** declared that if there were no corrections, changes or additions, the March 9<sup>th</sup> & 10, 2000, meeting minutes would stand approved as written. There was no objection.
2.     **VOTE ON TRIBAL/STATE COMPACTS:**  
      **Ed Fleisher**, Deputy Director, Policy & Government Affairs, provided background information prior to addressing the specific compacts for consideration today. He noted that the authority for the state tribal compacts comes from the federal Indian Gaming Regulatory Act, which was passed by Congress in 1988. IGRA, as it is called, divides gaming in Indian country into three categories: Class I Gaming is defined as the traditional form of Indian gaming in connection with tribal ceremonies or celebrations and social games for prizes of minimal value. Class I gaming is under

the jurisdiction of the tribe, and they are the sole regulators of Class I gaming. Class I gaming is defined by IGRA as Bingo, pull tabs, and other Bingo-type games and non house-banked card games. These games can be played on Indian land under IGRA and no compact is required if the state permits the activity for any person or any purpose within the state.

The state has no jurisdictional over Class II gaming. The tribe has jurisdictional role as the does the National Indian Gaming Commission (Washington D. C.), and their new regional office in Portland regulates those activities.

Class III gaming, which is the subject of the compacts, is defined as all forms of gaming that are not Class I or Class II. If the state permits the activity, it is a subject of negotiation for compacts. There must be a tribal ordinance. There must be state tribal compact authorizing the activity. The compacts are also approved by the Secretary of the Interior, and the activities must be conducted on Indian lands as defined in IGRA. Jurisdiction under the compacts is a joint venture by the state, the tribe and the NIGC. There is a history of cooperative joint regulation with the tribes that have compacts in the state of Washington.

Class III gaming can also occur within the limits of the reservation on lands owned and held in trust for the tribe prior to October 1988 (which was the time when IGRA passed. It may also be conducted on trust land and on land held in trust or owned by the tribes over which the tribe exercises governmental powers. There is also a list of the conditions where IGRA allows gaming on “post 1988” lands, which would be the land within the boundaries or contiguous to the reservation. It includes lands acquired after 1988, if approved by the Secretary of the Interior and agreed to by the Governor, and land which is part of the initial reservation for a newly-recognized tribe or a re-recognized tribe.

**Mr. Fleisher** addressed the existing compacts the state has with the tribes. The approval process under the state statute, directs the Director/designee to negotiate with the tribes and come to a preliminary agreement. Once an agreement is reached, the proposed compact is submitted to this Commission and to the Legislature. The Legislature has 45 days to review and make comments on the compacts to this Commission. The Legislature held hearings on all three of these compacts late last month, and they have not submitted any formal comments to the Commission. The Commission has 60 days to hold a public hearing and forward the compacts to the Governor for his decision, or to return them to the director for further negotiations. If the Governor approves the compacts, the tribe forwards the compacts to the Secretary of Interior for approval and publishing in the Federal Register, at which point they become official.

The state entered its first compact in August of 1991 with the Tulalip Tribe. The state currently has compacts with 20 of the 29 federally-recognized tribes in this sate. The scope of gaming has been divided into a two-phase process. In Phase I, the tribes are authorized to have one facility. The compact authorizes 31 gaming stations or tables with an additional one table for charity if the tribe so chooses and wagers are limited to a \$250 maximum bet. Approximately a year ago, the tribal lottery machine, a new element of Indian gaming was introduced in this state. During Phase I, the tribes have an allocation of 425 machines. They can operate these machines with a maximum wager of \$5. During Phase I, the hours of operation are 112 per week .

After six months of operation, the compacts provide that if the tribe so desires, they may go through what is called a Phase II review. This is a complete review of their operation by our tribal gaming unit in conjunction with the tribal gaming agency. After the Phase II review, the tribe may be authorized to proceed to Phase II gaming. The major change is the scope of gaming. They're still limited to one facility, the number of gaming stations increases to 50 with the possibility of two additional tables for charity. The maximum increased to \$500 and regarding the tribal lottery machines, there's no change in the wager limits, however, the machine allocation increases to 675 per tribe. The hours of operation are a maximum of 140 per week or 20 hours per day.

The compacts also provide for the transfer of the tribal lottery allocations between tribes, which would allow tribes that have the market to do so, to increase the number of machines at their facility above the 425 to 675. The first transfers have occurred with a few of the tribes transferring their rights to the Muckleshoot Tribe, and we know that there are more in the works. A total cap on the number of machines that can be operated by any tribe is 1,500.

Jurisdiction and regulation under the compacts is joint state tribal, with the state certifying all the employees and service suppliers, and the tribe doing the licensing process. There are provisions in the compact that require two percent of the net win from table games, which generally goes to mitigate community impacts. The two percent is handled differently and varies from tribe to tribe. Generally the decisions on the distribution of that money are made by a committee established in the compact involving tribal members, members of the local community, and a representative from the Gambling Commission.

**Chair Ludwig** addressed the transfer of all or part of the allocations from one tribe to another. He asked if a majority of the tribes had to agree on a plan for such transfers. **Mr. Fleisher** affirmed. Appendix X requires the tribes get together and approve by a majority of the eligible tribes at the time of the agreement. The tribes done so and have furnished the documentation. Any transfer agreement must be filed with the Gambling Commission at least 30 days prior to the commencement of operation of the transferred machines. Beyond that, the Commission doesn't have a role in negotiating or approving the agreement. The documents being filed with the Commission assures the various allocations and lid on the total number of machines is followed.

#### **Compact for the Stillaguamish Tribe of Indians:**

**Mr. Fleisher**, Deputy Director, reported the Stillaguamish Tribe does not intend to operate a Class III facility and is seeking a compact for the purpose of selling or leasing its right to machines to other tribes. The Stillaguamish Compact is unique in that it does not allow the tribe to have a gaming facility on its lands without coming back to the Commission and renegotiating for that purpose. This was a request they wanted because the current council did not want gaming on their lands. The compact is much shorter than the other compacts because the regulatory matters are not inserted.

**Edward Goodrich**, Chair of the Stillaguamish Tribe, introduced his son, Edward Goodrich Jr.  
**Edward Goodrich Jr.**, Secretary of the Council of Stillaguamish Tribe Board of Directors

addressed the Commission and affirmed their tribe, at this time, does not see gaming as a route that they want to take. Tribal elders and numerous tribal members have spoken against it. However, revenue is needed to operate as a tribe and they have chosen to move forward with the compact but go with the abridged version that prevents the operation of a casino at this time. It allows them to lease their terminal rights to other tribes that can access the revenue for them and then pass it to the Stillaguamish Tribe. The Tribe intends to use the revenue for land purchases, economic development, additional employees, and scholarships for tribal members. They are setting up trust funds for younger children. Mr. Goodrich indicated that gaming isn't feasible because they are about 10 miles from Tulalip and they're fairly close to two other tribes, creating too much competition.

**Senator Prentice** said her committee was impressed with what the tribe was trying to accomplish and asked Mr. Goodrich to describe some of the things they wanted to do. **Mr. Goodrich** advised the Tribe didn't want anything to do with alcohol, tobacco or gaming, and they have no plans to engage in any of those activities in the future. He addressed their economic solution of engaging in non-controversial businesses such as a farmers-type market for trade shows. They are looking at purchasing property for a cultural center based on the salmon recovery. They are planning a business complex that will include amenities like Burger King or McDonalds. Mr. Goodrich affirmed the Tribe has a good relationship with the City of Arlington, Snohomish County, and the state of Washington -- and they would like to keep it that way. Mr. Goodrich affirmed that becoming self-sufficient is a big goal. The tribe would like to be able to support themselves and their own people without having to rely on grants and contracts.

**Commissioner Forrest** noted that it was unusual to specifically exclude the opportunity to run a casino in the compact and he was not criticizing the decision. **Mr. Goodrich** noted there is a strong resentment from tribal elders against gaming, and with the other facilities already engaged in gambling activities, additional gaming didn't seem feasible. The Muckleshoot's have already leased some terminals -- they have casinos -- this compact would allow his tribe to take financial advantage of this opportunity.

**Representative Wood** noted that so far, all the leases have gone to one tribe. He asked if the Stillaguamish Tribe was currently in negotiations to sell their leases to. **Mr. Goodrich** responded that there are only a few potential tribes and that only the big casinos can take the additional machines -- the Muckleshoot, Puyallup, Tulalip, and Snohomish are the only tribes that he knows of, that are in discussions for additional allotment rights. The negotiations are very informal right now because the Stillaguamish do not have their compact.

**Commissioner McLaughlin** asked how many members belonged to the Stillaguamish Tribe. **Mr. Goodrich** responded that there were 190, however, they are anticipating an enrollment boost of about 40 to 50 people. Their proposed constitution to allow descendants is at the Secretary of the Interior for approval. All that is required is that one have Stillaguamish blood. Because the tribe went unrecognized for so long, they spread apart. They only have four people who still speak the native tongue -- they have very few tribal dancers -- and a lot of this money will go to cultural enhancement. **Chair Ludwig** opened the meeting for public comment regarding the proposed tribal gaming compact with the Stillaguamish Tribe. There were no comments, the public hearing was closed.



**Senator Prentice** made a motion that the Commission recommend approval to the Governor of the compact for the Stillaguamish Tribe. **Commissioner McLaughlin** seconded the motion. *Vote taken; Motion passed unanimously.* **Chair Ludwig** congratulated the tribe.

**Compact for the Sauk-Suiattle Indian Tribe:**

**Ed Fleisher**, Deputy Director, reported that this tribe is located in the Darrington area. It is similar to other compacts the Commissioners have approved recently. It would allow the tribe to operate a Class III facility although at the present time the tribe does not have intentions to do so, although in the future they could under the terms of the compact. They are also seeking this compact for the purpose of leasing or selling their tribal lottery machine rights to other tribes.

**Ms. Norma Joseph**, Vice Chairperson for the Sauk-Suiattle Indian Tribe, introduced Gloria Umback, Treasurer, and asked their attorney, Mr. Lavine, to speak for them. **Mr. Lavine** said the presentation was fairly self-evident. He advised the tribe is committed to following all the rules and has adopted the compact the Commissioners are familiar with. The tribe is looking forward to working with the Commission in the future.

**Senator Prentice** asked how many members there were in the tribe. Mr. Lavine said there were 237 members. **Chair Ludwig** opened the hearing for public comments, there were none, and he closed the public hearing.

**Senator Prentice** made a motion that the Commission recommend approval of the compact with the Sauk-Suiattle Tribe. **Commissioner McLaughlin** seconded the motion. *Vote taken; Motion passed unanimously.* **Chair Ludwig** thanked Vice Chair Joseph, and wished them good luck.

**Compact for the Samish Indian Nation:**

**Ed Fleisher**, Deputy Director, noted this tribe is from the Anacortes area. This compact is the same as the previous one with one exception – the Samish Tribe does not currently have Indian lands as defined by IGRA. They are a newly recognized tribe or re-recognized tribe. There is one provision in the compact that says if they acquire lands under the IGRA definition of Indian land, and want to have a casino on that property, the tribe would notify the state of that designation and must get state approval. The state would agree that they would not unreasonably withhold. The tribe is seeking this compact for the purpose of leasing tribal lottery machine rights to other tribes.

**Commissioner Forrest** asked when a tribe doesn't have land, whether Congress establishes the boundaries of a proposed reservation and if there were any limitations or qualifications that they must be east of the mountains or west of mountains? **Mr. Fleisher** believed the reservation would have to be within the area the tribe historically lived in. **Mr. Goodrich** responded to the question saying it is called "your usual and accustomed places or areas." Either the Tribe or an anthropologist can tell you where the tribe roamed and was around before the government moved in.

**Chair Ludwig** acknowledged Mr. Ken Hansen, Chairman of the Samish Tribe and asked him if the Anacortes is the tribe's historical and cultural area. **Chairman Hansen** responded that his tribe is a

saltwater people and a marine oriented tribe. Their boundaries were generally blocked by the U. S. Boundary so they view it as reaching to Blaine on the north, the north end of Whidbey Island on the South and out through the San Juan Islands. He emphasized they are interested in gaming, and they are looking at other options for generating revenues. Having this opportunity as established by the compact gives the tribe a boost at a time when they need it. The tribe has no federal or state funds. When they look for lands they will be able to use some of this money to buy land, they also want to put money towards scholarships and to building a tribal center. Chairman Hansen affirmed that like the Stillaguamish, and the Sauk-Suiattle, each tribe has its own priorities and needs. He said they want to work and are working with other tribes, and support tribal gaming in every way possible because they support tribal sovereignty.

**Chairman Hansen** advised the tribe just survived a 26-year legal battle with the United States to get back their recognition. They are a treaty tribe that got lost in the shuffle in 1969. They were on the list of federally recognized tribes in 1966 and in 1969 when it was republished, they simply had fallen off the list. There was no hearing, there was no due process, there was nothing to say the Samish Tribe didn't exist any more. The tribe went through the Department of Interior and lost in the administrative process, however, they defeated the United States Government in 1996. The judge made the finding that they had been recognized the whole time – in essence, it took 26 years to undue a clerical error. As a result, the tribe has missed all the opportunities other tribes have had throughout the '70s, '80s and '90s. The tribe will be seeking damages from the federal government and will be going to Congress asking for appropriations to buy land. Chair Hansen reported that he has an 11 member dedicated council – and 720 tribal members.

**Senator Prentice** noted another positive experience for those working with the tribes was the amount of tribal history they learned from the tribal participants. She affirmed it has been a positive learning experience for the members of the Legislature. **Chair Ludwig** opened the hearing for public testimony. There were no comments and the hearing was closed.

**Representative Wood** made a motion to support the proposed compact. **Commissioner Forrest** seconded the motion. *Vote taken; Motion passed unanimously.* **Chair Ludwig** congratulated the tribe and wished them good luck.

### 3. **STAFF REPORTS:**

**Ed Fleisher**, Deputy Director, said there was nothing new regarding the five pieces of legislation relative to this agency that passed. The Governor did sign all five bills. None of them had emergency clauses so they'll be taking effect on the 7<sup>th</sup> day of June, which is 90 days after the end of the regular session. Two of the bills, the Criminal History Records and the bill on Non-disclosure of Personal Financial Information will not require the adoption of rules. The other three bills – the Charitable Fund Raising Events, the Promotional Contests of Chance bill and the Credit Union Raffles bills will all require minor amendments to the WAC's and staff is working on them and they hoping to bring them forward in June. **Ms. Patjens**, Manager, Communications & Legal Department, advised there will be rule writing on the recreational activity fund raising event legislation because that will be a combination of two distinct activities.

**Mr. Fleisher** noted that although the Cheating Legislation did not pass this session, staff will advise the Commissioners when they start looking to reintroduce the bill for the 2001 Legislative Session. He had assurances from the current members of the Senate Committee that the legislation will have a good chance of getting through if it is submitted again next year.

**4. RULES UP FOR FINAL ACTION:**

**Licensee Reporting Requirements Rule - WAC 230-12-310:**

**Amy Patjens**, Manager, Communications and Legal Department, announced this is the fourth month the rules have been on the agenda and they are up for final action today. These rules clarify the types of actions a licensee has to report to the Gambling Commission. It's always been clear they need to report criminal action and civil actions. What has not been as clear is whether licensees needed to report administrative actions, actions such as those filed by other gaming regulatory agencies, other tribal agencies or gaming regulatory agencies that are outside of the United States. This rule would include reporting those actions. The desire is to make sure the agency is aware of any types of actions which could affect someone's ability to continue to hold a gambling license in the state.

**Ms. Patjens** addressed an amendment requiring that criminal actions be filed within 14 days. Currently, it can end up being a delay of about four months depending on when the quarterly activity reports are due. Language needed to be added into Subsection 1, so it is very clear that licensees must report the criminal action within 14 days, and the agency must know about the disposition of that criminal case. Ms. Patjens proposed that after a Subsection 1, the following language be added (which mirrors much of the language that is in Subsection 2):

“the disposition of the case must be attached with the next quarterly activity report filed with the Commission. Organizations not required to submit quarterly reports shall send the report to the Commission within 30 days after the final disposition.”

**Ms. Patjens** explained this is not a new requirement; it is language that was inadvertently taken out during the rewrite. **Chair Ludwig** called for questions from the Commissioners and opened the public hearing, covering the original proposed rule, the existing amendment and Ms. Patjens' suggested amendment. Ms. Patjens asked that this rule become effective 31 days after filing. There were no public comments and Chair Ludwig closed the public hearing.

**Commissioner Forrest** made a motion to adopt the suggested amendment to amendment #2. Commissioner McLaughlin seconded the motion; *Vote taken; Motion passed unanimously.*

**Commissioner McLaughlin** made a motion that the Commission adopt amendment No. 2 to WAC 230-12-310, as amended. **Commissioner Forrest** seconded the motion. *Vote taken; Motion passed unanimously.*

## 5. CARD ROOM RULES:

### General Card Games:

*WAC 230-40-010, WAC 230-40-015, WAC 230-40-030, WAC 230-40-040, WAC 230-40-050, WAC 230-40-060, WAC 230-40-070, WAC 230-40-120, WAC 230-40-125, WAC 230-40-130, WAC 230-40-150, WAC 230-40-160, WAC 230-40-200, WAC 230-40-225, WAC 230-40-400, WAC 230-50-010, WAC 230-40-900*

**Chair Ludwig** noted the card room rules are up for final action, to be effective May 15<sup>th</sup>. This will be the fourth time Ms. Winslow has reviewed these rules.

**Sherri Winslow**, Deputy Director, Operations, affirmed the card room rules package was up for final action and the package included a few changes. Section A covers rules of play, table and wagering limits, and hours of operation. In Section A there are policy issues on fees, limits on wagering, number of tables, and hours of operation. Of the changes that were made in that section, the first one is in Subsection AC, as follows:

*WAC 230-40-030*, number of tables and players limited. The change in that section changes the language from wagering spots to wagering areas to allow for some of the novelty games that are played in this state.

*WAC 230-40-070*, allows the director to exempt Class A, B, C, and E licensees, meeting certain requirements from the card and chip requirement section.

*WAC 230-40-120*, deletes the term "Phase I" which is a term that is no longer used.

*WAC 230-40-125*, the original recommendation was a repealer, however, alternative language is being proposed, listed as alternative #2. This is in regard to Washington Blackjack and the additions made to alternative #2, and includes an introduction that says, as follows:

"Washington Blackjack shall not be allowed unless a business is licensed and operating the game on April 1, 2000. Businesses that are operating Washington Blackjack under these conditions must cease operation of such game by April 1, 2005." (The year 2005 is the change.) "This rule shall be repealed and Washington Blackjack shall be removed as an authorized card game on April 1, 2005 or on such date to be determined by the Commission."

In addition, there is a change in Subsection #3 -- the last sentence should read as follows:

"If a minimum bank is established as per individual house rule, it shall not exceed \$250." (The original language was \$500.)

**Commissioner Forrest** clarified the current proposal allows for a five year close out period. **Ms. Winslow** affirmed. **Commissioner Forrest** asked why change from \$250 to \$500. Ms. Winslow said a method used by some of the larger games that used to play Washington Blackjack to eliminate the rotation of the deal, was to increase the bank so that only certain people would be allowed to bank the game.

**Chair Ludwig** opened the discussion on the proposed amendments discussion for public comment, particularly the last one, which does not repeal Washington Blackjack, but leaves it in effect for at least another five years.

**Ralph Hallenden**, Cliff's Tavern, Shoreline, noted that he is one of the few places that operates Washington Blackjack in the original way that it was intended to be run; the players deal. People bank money games with a \$20 bank – not \$250 not \$500. It's a very small game. He expressed appreciation for being allowed to play this game for another five years, or maybe longer. Chair Ludwig noted that Cliff's and very few other people are presently licensed for Washington Blackjack and are operating it, as he understands, according to the rules. **Mr. Hallenden** affirmed. **Chair Ludwig** said the Commission would not have a problem in the future if they follow this procedure of grandfathering Mr. Hallenden in.

**Beverly Milligan**, Slo Pitch Pub & Casino, Bellingham, addressed *WAC 230-40-070* regarding chips, cards and other services. She noted it requires logo cards for all games that are played by Class F Licensees and above. She would like to see house banked games included, but not Poker. She noted Class F licenses with the PSJ fund and the alternative collection method are included now. Being required to have logo cards (they use a plastic card, most commonly Kem cards) which cost approximately \$14 to \$17 per deck, plus a setup fee would be very expensive. Ms. Milligan reported her establishment goes through approximately 50 setups a year. She uses eight gross a month for her house banked games and they are logoed. She would like to see the house banked separation rather than the Class F separation.

**Chair Ludwig** asked what the actual cost would be if she used the same cards that are used in house banked Blackjack that are used to play Poker. **Ms. Milligan** said the cost would actually be reduced if she used the paper cards with logos. However, the most common cards used are the plastic cards which are re-used. The players are accustomed to them and it's been the standard in the industry to use a plastic card in Poker. They're slightly smaller in size. Chair Ludwig asked what the advantages were, other than durability. Ms. Milligan responded: they don't catch air, they're not exposed as easily, they are not damaged by the players as easily, and they can't be thumb-printed, or marked with nails as easily. She noted that her establishment changes their cards every 20 minutes – the WAC requires they be changed every 30 minutes. Chair Ludwig asked if they were reused, and Ms. Milligan affirmed they are continually reused for a period of four to six months depending on the wear of the cards. She advised they are washed manually and checked for any marks before they are put back into the game. Chair Ludwig asked what the cost of the proposed rule would be. Ms. Milligan replied that she had a distributor checking on the price for logoed plastic cards, but that she has not received an estimate. Chair Ludwig asked what the increase in price was between a plain paper card and a logoed Blackjack card. Ms. Milligan advised approximately 15 cents a deck. Chair Ludwig indicated the reason for his questions was to find out what the financial impact would be. Ms. Milligan advised that she wanted to address the issue not only for her club, but all the card rooms throughout the state that have the alternative rake collection method going at this time. Regrettably the majority of them did not feel they were going to be included. Chair Ludwig indicated that he did not think this would be a significant cost to her, however, he was unsure and asked Director Bishop how hard it would be to hold this rule over.

**Commissioner Forrest** said he was reluctant to hold the rule over because of the desire to print the new rules in an entire package and send them out. **Ms. Winslow** responded that one of the decisions made early on was that when a house banked facility has Poker playing in it, all the standards that are required for that facility are required at the higher level for house banking. Staff recognizes there is a difference between playing Poker and house banked games. If the Commissioners want to allow an exemption for those types of games, it is certainly a possibility. Commissioner Forrest asked if in discussing this within the industry, if anyone ever provided any figures. **Ms. Winslow** said statistics on the cost of cards were obtained at the beginning of the program, but that she did not have the figures with her today.

**Gary Murray**, Wizzards Restaurant and Casino, advised that his establishment was changing to plastic cards for their house banked games. He advised the cost involved in increasing from a non-logo to a logo plastic card is minimal. However, the logo set up costs are from \$500-\$700, and a sizeable minimum is required. This is not a problem for the larger operations, however, the smaller operations may not be able to purchase a minimum order and stretch out minimum order payment or absorb the costs. Mr. Murray suggested the Commission exempt Poker as a separate need for the logoed cards and limit it to five tables at Class F. Discussion was initiated regarding the differences in the Poker and Blackjack cards, which included the card size, corner cuts, card stock content, inking and patterns.

**Commissioner McLaughlin** asked staff if it would be a problem offer Mr. Murray's suggestion as an amendment. **Director Bishop** expressed concern over the fact that this is a new game with \$100,000 jackpots and someone could go to their local 7-11 and buy cards that they could introduce into the game. However, they cannot buy logo cards. Therefore, the standard was raised higher when the jackpot games were introduced. Director Bishop believed there should be one standard for the controls in the places the Commission regulates, and the cards should be controlled. Director Bishop acknowledged the cards for Poker have never been controlled and this will be a change for the Poker players. **Chair Ludwig** asked if this wouldn't protect the house more than anybody else. Director Bishop affirmed that it would protect the house, and it also gives them some protection for the player. He explained that the players all have a stake in the jackpot, so the controls were specifically for the Class F card rooms. Commissioner McLaughlin said this appears to be a protection issue more than anything else. Director Bishop affirmed that was his perspective and hasn't been convinced otherwise. **Commissioner Orr** said he understood the player's likes and dislikes, but that he viewed this as an issue of security and standardization.

**Bev Milligan** said Poker is a player protected game. That players were not in competition with the house. She reiterated that the majority of the licensee's do not feel they are going to be affected if they do not have house banked games. However, anyone with the alternative rake method is affected by this rule. Ms. Milligan felt there was a lack of awareness on this subject. She asked the Commission to consider the possibility of notifying the additional card rooms of the ramifications if this rule is passed.

**Joel Wong**, Executive Director, Muckleshoot Tribal Gaming Agency, said his job is to regulate his facility and to make sure cheating doesn't go on, and that the integrity of his gambling facility is preserved at the highest levels. The Muckleshoot Casino uses one set a day, and at the end of the

day the cards are destroyed -- to preserve the integrity of the game. The Poker room cards are used over and over again. He shared his observation that Poker cards can be substituted, they can disappear, and they can be put back into the deck. He advised that his facility now uses logo Poker cards. **Chair Ludwig** asked if the Muckleshoot Casino destroyed the cards at the end of the day, or if they clip the corner of the cards. **Mr. Wong** said they shred them, or drill a hole in the center, or clip the edges of those decks that are designated for public relations.

**Chair Ludwig** closed the public hearing on this amendment.

**Commissioner Orr** made a motion seconded by **Commissioner Forrest** to adopt Amendment #1 to WAC 230-40-070.

**Chair Ludwig** advised that he was inclined to support this because of the necessity to protect the integrity of the game, protection of the parties involved, and the close control over this type of activity. He believed these mandates warranted the adoption of logo card decks. **Commissioner Forrest** concurred. *Vote taken; Motion passed unanimously.*

**Commissioner McLaughlin** asked if they should act on the amendment Ms. Winslow discussed, and **Ms. Winslow** responded that it would make sense to vote on the first change under WAC 230-40-030 -- number of tables and players limited. **Chair Ludwig** said the language includes the amendment he proposed over a year ago, which they adopted in the temporary rules -- a limitation of seven spots at a table. Ms. Winslow affirmed and noted a minor modification was made changing the word spots to areas.

**Commissioner McLaughlin** made a motion to approve the Amendment #1 to the proposed rule in WAC 230-40-030. **Commissioner Forrest** seconded the motion.

**Chair Ludwig** noted this amendment changes the proposed rule only by the designation of wager areas. **Director Bishop** explained the desire to make sure there was no confusion -- that the Commission was not saying they only had one place at a playing spot to put the player's chips. He noted that several games (such as Let It Ride) have four spots for placing bets. Several other games have games within games where players may put wager chips at different spots. This rule protects the licensees. **Commissioner McLaughlin** asked if this meant that each Blackjack table could have up to seven players. **Chair Ludwig** affirmed.

**Chair Ludwig** opened the item for public comment, but there was none, he closed the public hearing. *Vote taken; Motion passed unanimously.*

**Ms. Winslow** called attention to a further change in Section A -- Washington Blackjack -- alternative language was provided that allows the rule to be repealed after a five-year period and which would grandfather the existing Blackjack operations.

**Chair Ludwig** called for a motion regarding the sunset provision change from two years to five years, and the change from a \$500 minimum to a \$250 minimum wager.

**Commissioner McLaughlin** made a motion seconded by **George Orr** to adopt the proposed language in Alternative #2, which is a change in WAC 230-40-125 .

**Commissioner Forrest** said he would like to strike out the termination date because if a problem develops, it will die of its own weight. If a problem develops in any of the existing three Blackjack establishments, the Commission can repeal the rule at anytime and eliminate the game.

Commissioner Forrest made a motion that the Commission eliminate the determination date and leave it as authorized for these grandfathered establishments, until staff feels further action is necessary. **Chair Ludwig** clarified that would delete the second sentence of the first paragraph that starts "businesses that are operating . . ." which follows right after April 1, 2000. **Director Bishop** corrected the Chair by saying that it was the second and third sentence. **Commissioner McLaughlin** seconded the motion.

**Chair Ludwig** stated this was an amendment to the amendment. **Commissioner McLaughlin** affirmed. **Chair Ludwig** clarified that Commissioner McLaughlin was amending the proposed alternative seconded by Commissioner Orr, and Commissioner McLaughlin is now accepting Commissioner Forrest's amendment to her motion. Commissioner McLaughlin affirmed.

**Chair Ludwig** called for further discussion or questions. There were none. He noted work was still being conducted on the proposed continuance or grandfathered provision to the Washington Blackjack rules, which will be repealed as to everybody except those few that are licensed and operating as of the first of this month. Vote taken; Motion to amend the amendment passed unanimously. Vote taken; Motion on the original amendment passed unanimously.

**Chair Ludwig** called for a motion concerning adoption of Alternative #2 to WAC 230-40-125.

Commissioner Forrest believed that was already done, but to avoid any problem he would move that they adopt Alternative #2 as now amended. Commissioner McLaughlin seconded the motion. Vote taken; Motion passed unanimously.

#### **Player-Supported Jackpots:**

**WAC 230-40-600, WAC 230-40-610, WAC 230-40-615**

**Ms. Winslow** said these rule covers PSJ approvals and the rules of conduct along with the structure for non house banked games. The policy issues include the PSJ limit assessment. There have been no changes in this subsection since March.

**Chair Ludwig** opened the public hearing, noting this was the fourth and final opportunity to discuss this issue.

**Beverly Milligan** expressed concern with WAC 230-40-610 -- paragraph 6 where it states on duty employees and owners cannot participate in the PSJ's. She noted there is no terminology regarding the custodian of the account. The old rule stated the custodian of the PSJ account was not eligible.

Chair Ludwig asked if the owner was not the custodian. **Ms. Milligan** replied, not necessarily -- the rule states the custodian may be the owner, partner, officer, or designated individual. She believed



the removal of the words custodian of the account for eligibility, would now allow that even when she is off duty, she would be eligible for the jackpot. She could write herself a check. Chair Ludwig said that would be in paragraph 6, 5B. Ms. Milligan read “some off-duty employees may participate in the card games.” The only one designated as not being eligible is the owner and on-duty employees. Ms. Milligan suggested that perhaps it should be the owner and custodian who are not eligible. **Chair Ludwig** said he didn’t read this to allow off-duty employees to share in any jackpot. **Ms. Mulligan** called attention to the very bottom line of No. 6. Chair Ludwig agreed the last line does say “and share in the prize winnings.” Ms. Milligan noted that in particular, in Poker, it is a player-funded jackpot. It’s not one that you put in a dollar every hand; it’s something that is part of the rake of the pot, so all participants, whether they’re employees or not, are providing towards that fund.

**Director Bishop** noted that he didn’t see a problem. **Ms. Winslow** said that if Ms. Mulligan is requesting that the custodian of the fund be included and not allowed to participate in the PSJ, that would make sense to staff – and they would certainly want that language included. It is more restrictive and prevents a potential conflict with Subsection 6. Ms. Winslow stated that staff would concur with the recommendation and asked the Commission include “owners, custodians, and on-duty card room employees.” Chair Ludwig suggested they insert after owners “, custodians of the PSJ fund.” Ms. Winslow said that was correct.

**Commissioner McLaughlin** moved to amend the sixth paragraph of WAC 230-40-610 to add a comma after the word “owners” and the words “custodians of the PSJ fund.” **Commissioner Orr** seconded the motion.

**Chair Ludwig** called for public comment. He said it seemed logical, but including it in the first part of that paragraph clearly would not permit the custodian to ever play and participate in Poker games. **Commissioner McLaughlin** disagreed, believing it said they may participate in card rooms that offer a PSJ, but may not share in the winning of any prize award. Chair Ludwig disagreed and said that was in the first part, but the last sentence talks about employees may participate in card games – off duty employees – that offer a PSJ and share in the prize winning – that doesn’t include custodians in the fund. **Director Bishop** thought the last sentence should say, “off duty employees other than owners and custodians.” Chair Ludwig didn’t think that was necessary because the custodians are identified in the first sentence, however, they are not included in the last sentence. He asked if the intent was to let them share in the fund. **Ms. Mulligan** said she did not want them to share, even though currently, they may. Chair Ludwig noted that if additional language for clarification is appropriate, it can be inserted. **Mr. Fleisher** thought it would be appropriate, but he believed it is implied quite clearly without the addition.

**Chair Ludwig** asked if there should be anyone else other than owners and custodians of the fund that should be excluded; for example, other supervisors. **Ms. Mulligan** said no. She believed off-duty employees covered everyone that should be included in the jackpot. Supervisors that are off-duty, should be eligible because they are not competing against the house. Chair Ludwig asked about cashiers and security personnel. Ms. Mulligan believed that all employees who are allowed to play Poker should be able to participate in the PSJ, other than the custodian and the owner.

**Chair Ludwig** clarified the current proposal is to also amend paragraph No. 6 -- to insert after off duty employees, "other than owners and custodians of the PSJ fund." **Director Bishop** said it was not necessary, especially since this discussion on the record.

**David Doremus** believed the amendment would prohibit owners from participating in Poker games. He said he could well see the reason for not participating in the jackpot payouts, where it might be self serving, but to prevent an owner from participating in a game is not necessary. **Chair Ludwig** interrupted, saying that on the contrary, the rule says owners, card room employees, custodians of the PSJ account may participate in the games, but they can't share in the jackpot unless they're an off-duty employee.

**Chair Ludwig** called for any other public comment regarding the proposed rules in Section 5B

**Chair Ludwig** called for a vote on the motion to amend Paragraph #6 to read, "... owners, custodians of the PSJ fund and on-duty card room employees may participate in card room games that offer a PSJ, but may not share in the winnings of any prize awarded." Vote taken; Motion passed unanimously.

#### **House-Banked Card Games, Additional Requirements for PSJs, Specific Fee Assessment and Collection Methods:**

WAC 230-40-800, WAC 230-40-803, WAC 230-40-805, WAC 230-40-810, WAC 230-40-815, WAC 230-40-820, WAC 230-40-823, WAC 230-40-825, WAC 230-40-83, WAC 230-40-833, WAC 230-40-835, WAC 230-40-840, WAC 230-40-845, WAC 230-40-850, WAC 230-40-855, WAC 230-40-860, WAC 230-40-865, WAC 230-40-870, WAC 230-40-875, WAC 230-40-880, WAC 230-40-885, WAC 230-40-890, WAC 230-40-895, WAC 230-40-897

**Ms. Winslow** said that Section C covers house banked card rooms, control structure, operating rules and procedures, prize limits, banking requirements, promotion limits along with the evaluation and audit requirements. Policy issues are Phase II wager limits, limits on prizes, and promotions. The changes that were made in this subsection include WAC 230-40-803, and a change after the March meeting, which was in the area that allows card rooms to remain at Phase II when the business is sold -- if they meet certain criteria.

**Chair Ludwig** asked why the elimination of the words "Phase I limits" -- if there is no Phase I referred to, why then do we need Phase II. **Ms. Winslow** said that term "Phase I" is no longer necessary, and, technically the term Phase II probably isn't necessary. This is something that could be eliminated and changed to increased wagering limits. However, staff was not prepared to make that change at this meeting. **Chair Ludwig** said that in the interest of getting the rules adopted for the benefit of the licensees, staff can always make a technical correction later. **Ms. Winslow** affirmed. **Chair Ludwig** called for a motion regarding amendment No. 1 to WAC 230-40-803. **Commissioner Forrest** so moved and **Commissioner Orr** seconded the motion. **Chair Ludwig** asked if anyone wished to address the proposed amendment. There were no comments. Vote taken; Motion passed unanimously.

**Ms. Winslow** reported on WAC 230-40-815. The change involved the clarification of the requirement for two supervisors for two separate areas in the gaming establishment. It also clarifies the

requirement for a floor supervisor in a card room with more than 10 tables, and clarified that a card room with more than 10 tables shall have a shift manager.

**Ms. Winslow** said this rule provides some flexibility for the smaller operations with regard to their supervision requirements. **Chair Ludwig** understood that one can arrange the card room so there might be five tables at one end and five tables toward the other end of facility, and there would be two separate pit areas. **Ms. Winslow** affirmed. **Chair Ludwig** continued that regardless of how many tables were operating, one would need a pit boss in each area if it were in operation. **Ms. Winslow** affirmed, if there were two separate areas that can't be visibly seen. **Chair Ludwig** said that if one located the two areas with the open ends of the horseshoe together and one had less than five total, one could use one floor supervisor in that area. **Ms. Winslow** said that was correct, if there were less than five tables in operation in that total area. **Ms. Winslow** said she believed there is an exception when seven tables are combined. **Director Bishop** agreed, that had been changed earlier in the process.

**Chair Ludwig** called for a motion regarding the proposed amendment to WAC 230-40-815.

**Commissioner McLaughlin** moved to approve the amendment as proposed. **Commissioner Forrest** seconded the motion.

**Chair Ludwig** opened the public hearing, there was no testimony, the public hearing was closed.  
*Vote taken; Motion passed unanimously.*

**WAC 230-40-825.**

**Ms. Winslow** reported this change clarifies the camera requirements and to clarify that non-house banked games that do not have a PSJ, won't need surveillance.

**Commissioner McLaughlin** made a motion seconded by **Commissioner Forrest** to approve Amendment #1 to WAC 230-40-825

**Director Bishop** clarified that if there is a rake at the pot, surveillance is required. If they don't also have a PSJ, surveillance coverage will not be required on the cards themselves. The camera would be on the pot area. **Chair Ludwig** affirmed this is a benefit for the licensees. He opened the hearing for public comments, there were none and he closed the public hearing. *Vote take; Motion passed unanimously.*

**WAC 230-40-840 – Drop Box.**

**Ms. Winslow** explained this change was added after the March meeting, to allow for a count team member to transport drop boxes under certain conditions. **Chair Ludwig** indicated they can do that if it is conducted under the supervision of security, when the gaming operation is closed, and he asked if this was proposed by the licensees. **Ms. Winslow** affirmed.

**Commissioner Forrest** made a motion seconded by **Commissioner McLaughlin** to adopt the amendment to WAC 230-40-840. **Chair Ludwig** opened the hearing for public comments. No one came forward and he closed the hearing. *Vote taken; Motion passed unanimously.*

**WAC 230-40-845** – Procedures for exchange of checks submitted by gaming patrons at cashier's cage. **Ms. Winslow** reported that a minor change was made last month by deleting the name and address on the form for the exchange of checks. Staff wished to add back the name.

**Commissioner Forrest** made a motion seconded by **Commissioner Orr** to adopt the amendment to WAC 230-40-845. **Chair Ludwig** called for public comments; there were none, and the hearing was closed. *Vote take; Motion passed unanimously.*

**WAC 230-40-855** - Tip requirements.

**Ms. Winslow** advised this amendment clarifies the tip requirements in that WAC.

**Commissioner Forrest** made a motion seconded by **Commissioner Orr** to approve the proposed amendment to WAC 230-40-855. Chair Ludwig called for public comments.

**Gary Murray**, Wizzards Casino, Burien, asked for a clarification on the language that said "any tip originating from a player or patron." He advised that he was trying to make sure operators don't misunderstand this, and questioned what would something be that would not originate from patrons? **Ms. Winslow** advised this was an effort to make it perfectly clear that even though some tips get pooled, if they were originating from a player, they would have to follow this requirement. Sometimes tips are pooled and at that point there could be interpretation differences.

With no further public comments, Chair Ludwig closed the public hearing. *Vote taken; Motion passed unanimously.*

**WAC 230-40-865** and **WAC 230-40-870**

**Ms Winslow** reported the next two changes relate to serial numbers. She asked the Commissioners to refer to Amendment #2. A correction is proposed to remove the requirement for serial numbers for request for credits and amending it to require requests for fills shall be a two-part form which provides and original and duplicate copy. **Chair Ludwig** called for a motion regarding proposed amendment #2 to WAC 230-40-865

**Commissioner Forrest** made a motion seconded by **Commissioner Orr** to approve Amendment #2 to WAC 230-40-865. Procedures for distributing gaming chips and coins to house-banked gaming tables.

**Chair Ludwig** called for public comments; there was none and the hearing was closed. *Vote taken; motion passed unanimously.*

Chair Ludwig asked if there is a motion to adopt WAC 230-40-870.

**Commissioner Forrest** made a motion seconded by **Commissioner Orr** to approve amendment #2 to WAC 230-40-870

**Commissioner McLaughlin** asked if the credit slips were correct in WAC 230-40-870. **Ms. Winslow** affirmed.

**Chair Ludwig** called for public comments; there were none and the hearing was closed. *Vote taken; Motion passed unanimously.*

WAC 230-40-885 – Accounting and recording contents of drop boxes.

**Ms. Winslow** noted a provision was added to allow for a money counter. This was requested by a licensee.

**Commissioner McLaughlin** made a motion seconded by **Commissioner Forrest**, to approve the amendment to WAC 230-40-885

**Chair Ludwig** called for public comments; there were none and the hearing was closed. *Vote taken; Motion passed unanimously.*

WAC 230-40-895 – Key control requirements and procedures.

**Ms. Winslow** noted a change was made to the lock on the count room from the interior of the door – to simply the door. A provision was added requiring a key control box for emergency purposes.

**Commissioner McLaughlin** made a motion seconded by **Commissioner Orr** to approve the amendment to WAC 230-40-895. Chair Ludwig called for public comments; there were none and the hearing was closed. *Vote take; Motion passed unanimously.*

#### **Card Room Definitions:**

WAC 230-40-550, WAC 230-40-552, WAC 230-40-554, WAC 230-40-556, WAC 230-40-558, WAC 230-40-560, WAC 230-40-562

**Ms. Winslow** said these WACs cover terms that require definition. There were no policy issues in these sections and there have been no changes made since March.

#### **Other Rules Relating to Card Games**

WAC 230-02-109, WAC 230-02-110, WAC 230-02-400, WAC 230-02-415, WAC 230-02-425, WAC 230-04-022, WAC 230-04-140, WAC 230-04-142, WAC 230-04-204, WAC 230-04-207, WAC 230-04-255, WAC 230-04-450, WAC 230-08-040, WAC 230-08-090, WAC 230-08-027, WAC 230-08-160, WAC 230-12-050, WAC 230-12-072, WAC 230-12-073, WAC 230-04-203

**Ms. Winslow** reported that Subsection E covers card room terms, licensing, certification procedures, record keeping and recording requirements, deposit requirements for PSJs and house banked games. The policy issues have to do with fees for individuals.

**WAC 230-02-415 – Card room employee definitions.**

**Ms. Winslow** said this change relates to the definition of a card room employee. A correction for a typographical error was made, as well language added for game starters, which would be individuals that are facilitators for card games.

**Commissioner McLaughlin** made a motion seconded by **Commissioner Orr** to adopt the proposed amendment to WAC 230-02-415 pertaining to card room employee definitions. **Chair Ludwig** opened the public hearing; there were no comments, and he closed the public hearing. *Vote taken; Motion passed unanimously.*

**WAC 230-04-140 – Licensing of public card room employees**

**Ms. Winslow** reported that this change reduces the 20 day waiting period down to 15 days -- due to enhancements in the licensing process.

**Commissioner McLaughlin** made a motion seconded by **Commissioner Forrest** to adopt the proposed amendment to WAC 230-04-140. **Chair Ludwig** opened the public hearing; there were no comments, and he closed the public hearing. *Vote taken; Motion passed unanimously.*

**Ms. Winslow** informed the Commissioners this concluded the changes to the card room rules package. She strongly encouraged adoption. **Chair Ludwig** responded that the Commissioners have considered the changes to the original rules and have accepted public testimony them for the last three months. He advised the Commissioner are prepared to give the public one last chance to speak in favor of or opposed to any specific rule and after a brief recess. Chair Ludwig called a fifteen minute recess at 11:55 a.m.

**Chair Ludwig** opened the hearing and called for public comments.

**Chris Kealy**, Jimmy D's Casino, Tacoma, representing the RGA, thanked staff, the Commission, and the field agents for all the work on the rules package over the last year and a half. He noted it has been an enormous task -- from the outline start to the finish. He emphasized the RGA's appreciation for what the Commission did for the industry. **Chair Ludwig** thanked Mr. Keeley for his comments. He said the Commissioners and staff knows how much the RGA helped and contributed during the study sessions and expressed the Commission's appreciation for the RGA's participation the input the licensees have contributed. With no further comments, Chair Ludwig closed the public hearing. He stated this is the last opportunity to vote on the largest package of card room rules that has been considered in a very long time.

**Commissioner McLaughlin** made a motion seconded by **Commissioner Forrest** to approve the permanent card room rules from 5A through 5E as amended, to be effective May 15, 2000. **Chair Ludwig** called for any further discussion or comments. There were none. *Vote taken; Motion passed unanimously.*

**Ms. Winslow** affirmed this has been a long test program and noted that it has been a tremendous growth opportunity. Ms. Winslow extended appreciation to the former director, specifically for his efforts in creating the test program. In recognition of all the trees that donated their lives for the

written production of the card room rules package, Ms. Winslow reported that staff thought it would be appropriate to have a memorial for the card room test program. Program Manager, Jim Dibble was introduced to make the presentation. **Mr. Dibble** expressed staff's sincere appreciation for the final adoption of the card room rules. As a token of that appreciation, he presented the Commissioners with a living tree -- symbolizing an opportunity to replace the trees that were sacrificed during the development of the rules packages, and as a demonstration of staff's resolve to be good stewards of our precious resources. He indicated the tree will be planted at the regional office.

The Commission Review was taken out of agenda order.

**10. Commission Review – Denial of Application for Card Room Employee License:**

**Tarl Medina**, Petitioner, Appearing Pro Se

**Lois Anne Medina**, Representing the Petitioner

**Neal Gorrell**, Assistant Attorney General, Agency Representative

At the conclusion of the hearing, **Chair Ludwig** recessed the meeting for five minutes. At 12:35 p.m. the meeting was called back to order. Chair Ludwig reported the Commission had achieved a majority vote, three to one, (with Chair Ludwig casting the dissenting vote) to adopt Judge Heller's findings, conclusions, and recommendation to grant a conditional license with the conditions he outlined. Chair Ludwig affirmed a copy of the Order will be forwarded when it is drafted and signed. He clarified that Mr. Medina may commence work once the Order has been signed

### **Rule Up for Discussion**

**6. Card Room Tournament Licenses:**

**Chair Ludwig** noted the Card Room Tournament License rule will be up for final action next month. **Ms. Winslow** reported that the change in WAC 230-40-055 - Card Tournaments for Fees - was made to add Class F licensees, to allow card room tournaments without a fee.

**Chair Ludwig** opened the public hearing, there were no comments. Chair Ludwig closed the public hearing and affirmed the rule would be on the May agenda.

### **Rules Up for Discussion and Possible Filing**

**7. Sale and Purchase of Gambling Equipment:**

**Amy Patjens**, Manager, Communications & Legal Department focused on the one rule that summarizes why staff is asking for this change -- Rule 7G. Staff discovered there wasn't a clear rule requiring licensees such as distributors to only sell card room equipment to those that can legally possess it. These rules address that.

**Commissioner Forrest** made a motion seconded by **Commissioner McLaughlin** to file the rules for further discussion. *Vote take; motion passed unanimously.*

**8. Sales on Licensed Premises Only:**

**Amy Patjens**, Manager, Communications & Legal Department, reported that Seattle Junior Hockey is going to be leasing part of its Bingo premises to a commercial card room, and this commercial card room plans to operate house banked games. The charity would like to be able to sell its pull tabs to people who are probably going to be in the card room portion of the business, who would then walk over to the charitable part of the business and purchase the pull tab. The organization has asked the director if this would be allowed. Staff believed this was a policy issue that would require rulemaking. Staff worked on the proposed language in conjunction with Seattle Junior Hockey, but, staff is neutral on this issue. Staff recommends the rule be filed for further discussion.

**Commissioner Forrest** made a motion seconded by **Commissioner McLaughlin** to file the rules for further discussion. **Chair Ludwig** opened the discussion for public hearing.

**John Beadle**, Executive Director, Seattle Junior Hockey Association, stated that his organization pioneered this endeavor to replace the declining revenue non-profits are experiencing. The proposed WAC is a vehicle to develop a policy decision on whether or not the Commission believed this would be a good thing for charities. Seattle Junior Hockey is the first organization with this type of request. They recognized this as a potential revenue generator a year or two ago and have been working on the project that long. The organization recommends approval for further discussion. However, if the Commission should approve this rule in June, the organization would like to go on record requesting the effective date be as soon a practical or legally possible, which would be approximately July 1, 2000. That would be 31 days after filing with the code reviser's office, and Seattle Junior Hockey could commence operating in July. If a specific effective date is not set, and if this is approved, under the Commission's current policy, the rule would not become effective until January 1, 2001, which means more lost revenue.

**Commissioner McLaughlin** asked if the patrons of the card room would be in the Seattle Junior Hockey establishment. **Mr. Beadle** advised they would be able to come around the cafeteria area and enter his establishment; however, if they were to come into their establishment they would not be able to carry any alcohol. When a patron buys pull tabs, it would be through a window because the pull tabs would be physically located within their premises -- they will actually sell them on the charity's side, however, the patron could reach over and pull them to their side of a secure fire-type wall. Commissioner McLaughlin verified they could be sitting in the card room drinking and playing the Seattle Junior Hockey's pull tabs, and Mr. Beadle affirmed. He acknowledged it is not an ideal location, but in order to make this work, the location of the pull tabs sales should be near the bar.

**Clyde Bauch**, Sno King Hockey Bingo, spoke on behalf of Sno King and in support of filing the rule, and affirmed Sno King is also in the process of exploring this as a fundraiser option for their organization. **Chair Ludwig** asked for further discussion or questions. There were none. *Vote take; Motion passed unanimously.*



**9. Other Business/General Discussion/Comments from the Public:**

There were no public comment.

With no further business, a motion for adjournment prevailed at 1:20 p.m.

Minutes submitted to the Commission for approval.

Shirley A. Corbett  
Executive Assistant